



WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION
REQUEST FOR PROPOSALS (RFP)

Electric Power and Energy Delivery for the DOE Northern California Sites
Replacement for RFP Issued July 19, 2004

Schedule (Subject to Change)

Issue Basic RFP.....September 2, 2004
Qualifications Information Due*September 14, 2004
Offers Due and SelectedSeptember 21, 2004
Confirm Agreements ExecutedSeptember 28, 2004
Power Delivery Commences.....January 1, 2005
****See Paragraph 4***

1. Introduction

The Western Area Power Administration (Western) is an administration within the U.S. Department of Energy (DOE). Western's Sierra Nevada Region principally markets power from the Central Valley Project located in northern and central California.

Western acts as an agent in the procurement of electric power supplies and services through an Intra-Agency Agreement with the DOE Office of Science Berkeley Site Office on behalf of the Department of Energy's northern California sites. These sites are the DOE National Nuclear Security Administration's Lawrence Livermore National Laboratory (including the adjacent Sandia National Laboratory-Livermore and Site 300) and the DOE Office of Science's, Lawrence Berkeley National Laboratory and Stanford Linear Accelerator Center. Management of this DOE northern California Sites' electric power consortium resides with the DOE Office of Science's Berkeley Site Office (hereinafter referred to as DOE)

Western is undertaking the procurement of power supplies for DOE with delivery to commence on January 1, 2005. This RFP replaces the RFP Western issued July 19, 2004.

2. Designated Representatives and Address for Submittal of Offers

Offers, including completed Attachments A and B to this RFP, must be submitted as Word / Excel attachments via email addressed to both the following addresses:

mwhite@wapa.gov

mark.clark@bso.science.doe.gov

Designated representatives for this solicitation are:

Mr. Mark White, N6421
Phone: (916) 353-4408
Email: mwhite@wapa.gov
Power Marketing Division
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
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Mr. Mark Clark
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Electric Power Services Manager
Office of Science, Berkeley Site Office
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Fax: (510) 486-4704

3. Specifications for Supplies

A. Points of Delivery

The delivery points for power under this solicitation are the Captain Jack Substation at the California-Oregon Border (COB) for up to 50 megawatts (MW) of resources, and NP15 and/or the 230-kV bus at Western's Tracy Substation for up to 60 MW of resources.

B. Contract Line Item Products

Subject to the terms specified in this solicitation, Western, on behalf of DOE, intends to purchase the following products to satisfy the electric power requirements of the DOE northern California sites. Western seeks qualified suppliers for block and schedulable resources that provide high reliability at a competitive cost. More specifically, Western is seeking sources for 110 MW of firm electric capacity and energy with deliveries starting January 1, 2005. Depending on the offers received, Western may elect to contract for less than 110 MW initially in favor of conducting follow-on solicitations prior to the expiration of power purchase contracts.

Offerors are asked to insert, in the appropriate places in Attachment B to this RFP, their proposed unit prices for the following Contract Line Items:

1. Two awards for 15 MW of firm energy (7x24x365), each with a term of 39 months starting January 1, 2005, for delivery at COB. The pricing for these products should consist of an energy-only rate, fixed for the term of the contract.
2. Two awards for 15 MW of firm energy during on-peak hours each with a term of 6 months starting on January 1, 2005, for delivery at NP15 or the 230-kV bus at Western's Tracy Substation. On-peak hours include Hours Ending (HE) 0700 to HE 2200, Monday through Saturday, excluding North American Electric Reliability Council (NERC)-approved holidays. The pricing for these products should consist of an energy-only rate, fixed for the term of the contract.
3. Two awards for 15 MW of firm energy during off-peak hours, each with a term of 6 months starting on January 1, 2005, for delivery at NP15 or the 230-kV bus at Western's Tracy Substation. Off-peak hours include HE 0100 to HE 0600, plus HE 2300 and HE 2400, Monday through Saturday, and HE 0100 to HE 2400 on Sundays and NERC-approved holidays. The pricing for these products should consist of an energy-only rate, fixed for the term of the contract.
4. One award for 20 MW that can be scheduled on a day-ahead basis, varying by hour, between 0 MW and 20 MW, with a term of 27 months starting on January 1, 2005, for delivery at COB. The pricing for this product should be comprised of a capacity reservation charge for the entire period, payable every month regardless of the amount of energy taken, and an energy rate fixed for the term of the contract.

C. Specifications

The capacity, energy, and associated energy products offered in response to this solicitation must be delivered "firm" to the stipulated delivery points. "Firm" is defined as "CAISO Energy" for deliveries to NP15 or to a direct connection with the Western system, and for deliveries at COB, it is defined as "Western Systems Power Pool (WSPP) Service Schedule C firm."

4. Qualification of Offerors

Each offeror must be determined by Western to be qualified. Each offeror agrees to advise Western prior to award of contract of any material change in its circumstances which might reasonably impact a determination of qualification. An offeror's credit rating is only one of the criteria that will be used to determine whether a supplier is qualified. Western encourages all potential suppliers to submit an offer regardless of credit ratings or history.

Evaluation of Qualification will consider the following points.

Financial Condition. By 5:00 p.m. (PDT) on September 14, 2004, each offeror is required to complete and submit to Western's designated representative shown on page two, a fully executed original of the "Statement of Financial Conditions and Credit Worthiness", Attachment A, which focuses on the offeror's financial condition. **Offerors that submitted Qualifications information under Western's RFP issued July 19, 2004, need not resubmit that information under this RFP unless there have been substantive changes requiring updating, revision, or the need for supplemental information.** Western may require a qualified offeror to demonstrate its ability to post a form of credit support to ensure its performance under any power purchase agreement. The amount of such credit support would be based on Western's evaluation of the offeror's credit condition and a determination of the financial obligations of the offeror under the terms of a power purchase agreement. Such credit collateral must be in a form acceptable to Western, for example, a parental guarantee from a creditworthy entity, a letter of credit from an investment grade institution, or cash on deposit in escrow.

Source of Supply. **For each line item**, offeror is asked to either designate the source of power as market power, or identify the source(s) of power or generating unit(s). If the power source is not market power, offeror should provide sufficient information to demonstrate, to the satisfaction of Western, its capability to deliver firm capacity and energy to the specified delivery points. Offeror may, for example, provide information about the historical dependability of the resource(s), using an industry standard measure such as capacity factor and forced outage rates; or provide typical outage rates for similar power plants of the same manufacturer, owner, technology, age and fuel type. Further, offeror should address whether a single generating unit or transmission facility could under foreseeable economic conditions become uneconomic and thereby affect future deliveries.

Transmission Availability. **For each line item offered from sources other than market power from NP15**, offeror is asked to demonstrate that the availability of transmission capacity between the resource(s) offered and the specified appropriate point(s) of delivery is adequate to deliver the offered resource(s). Offeror may be asked to provide more detailed information about the transmission path(s), terms of third-party transmission agreements, and procedures for curtailing deliveries.

5. Submittal of Line Item Offers

Offers must be received at both the email addresses identified on page 1 above by **8:00 a.m. Pacific Daylight Time (PDT) on September 21, 2004**. Offers may be submitted earlier than the deadline, but Western may transact upon the offers until **2:00 p.m. (PDT) on September 21, 2004**.

Each offeror is invited to submit firm, transactable offers for any or all of the products specified in paragraph 3 above. Any offers which are notional or indicative, or are designated as subject to management approval, will be considered for award only if, after notification by Western no later than 9:30 a.m. (PDT) on September 21, 2004, that the offer has been selected for further consideration in the initial screening process, the offer can be confirmed as firm and transactable, with the same or lower pricing, by 11:00 a.m. (PDT) on September 21, 2004.

Western will notify each successful offeror of its decision to accept its offer(s) by **2:00 p.m. (PDT) on September 21, 2004**.

6. General Terms

A. Selection for Award

Western reserves the right to accept or reject any and all offers received, or to re-solicit for offers, where such action is deemed advantageous for Western. An offeror's proposal will be deemed accepted only when a Confirmation Agreement has been executed by both parties and delivered by Western to the selected offeror.

Western has no obligation to accept any offer, whether or not the price is the lowest offered in the solicitation process and may reject any offer, in its sole judgment and discretion, for any reason, without any obligation to disclose the reason or reasons for rejection.

Western will consider the previously noted factors, along with price and overall portfolio resource diversity in its determination for award.

B. Confirmation Agreements

Western and each successful offeror shall, within 5 working days of selection, enter into a Confirmation Agreement pursuant to the WSPP Master Agreement, with the only amendment being the addition of the Federal provisions set forth below, plus any additional credit instrument required by Western. Western may, at its sole discretion extend the 5-day confirmation period. The WSPP Master Agreement is available at <http://www.wspp.org>.

C. Legal and Regulatory Requirements

Any contract entered into with Western will be consistent with federal law, regulations and policies.

Department of Energy National Environmental Policy Act Compliance:

If Western receives offer(s) for resources not yet constructed and selects the offer(s) for further consideration, it must first consider the potential environmental impacts of constructing and operating the resource as required by the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 et seq.) and the Department of Energy NEPA Implementing Procedures (40 CFR 1021). Western may reject offers if, in its judgment, the above-mentioned compliance requirements would cause power delivery to be delayed beyond January 1, 2005.

The following required Federal provisions will be included in any Confirmation Agreement:

Covenant Against Contingent Fees: The contractor warrants that it has not employed or retained any person or selling agency to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by their respective organizations for the purpose of securing business. For breach or violation of this warranty, Western shall have the right to annul or terminate the contract without liability or in its discretion to deduct from the price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

Contingent Upon Appropriations: Where activities provided for in this contract extend beyond the current fiscal year, continued expenditures by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of the United States obligations under the contract. In case such appropriation is not made, the contractor hereby releases the United States from its obligations and from all liability due to the failure of Congress to make such appropriation.

Western's ability to fulfill its obligations under this contract is contingent upon DOE making adequate funds available to Western via Intra-Agency Agreement No. 90-SAO-00001 between Western and DOE. Supplier shall not be obligated to deliver power for which DOE does not provide adequate funding to Western. Western shall include provisions in Intra-Agency Agreement No. 90-SAO-00001 that require DOE to advise Western as soon as possible of any potential funding limitation that may adversely affect Western's ability to perform its payment obligations under this contract. If

DOE fails to make sufficient funds available to Western to fund purchases under this contract, the sale and purchase of power under this contract shall go into suspension beginning with the first day that funds will no longer be available until such time as sufficient funds are again available, or until a 90-day period has elapsed, whichever occurs first. For the period of suspension, Western and supplier shall be released from their power supply and purchase obligations with no further liability. After such suspension period has passed, if DOE has not funded Western's obligation to purchase power on their behalf pursuant to Intra-Agency Agreement No. 90-SAO-00001, then either Party to this contract may permanently terminate their respective power supply and purchase obligations; Provided, all obligations which either Party has performed or which have accrued as of the date of suspension or termination shall survive the suspension or termination. Western's inability to perform under the contract, including its failure to receive energy under the contract, due to the failure of DOE to provide sufficient funds to Western, shall not result in liability to Western nor shall Western be deemed a "Non-Performing Party" under Section 21 of the Western Systems Power Pool Agreement.

Contract Project Work Hours and Safety Standards: The contract, to the extent that it is of a character specified in Section 103 of the Contract Project Work Hours and Safety Standards Act, 40 U.S.C.A. § 329, is subject to the provisions of the Act, 40 U.S.C.A. §§ 327-333, and to regulations promulgated by the Secretary of Labor pursuant to the Act.

Equal Opportunity Employment Practices: Section 202 of Executive Order No. 11246, 30 Fed. Reg. 12319 (1965), as amended by E.O. No. 12086, 43 Fed. Reg. 46501 (1978), which provides, among other things, that the contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated by reference in the contract.

Use of Convict Labor: The contractor agrees not to employ any person undergoing sentence of imprisonment in performing this contract except as provided by 18 U.S.C. 4082 (c) (2) and Executive Order 11755, December 29, 1973.

D. Protection of Business Sensitive Information

If an offeror wishes to have part of the information in its offer protected from public disclosure, the offeror shall mark sensitive sections of the offer "Proprietary – Business Sensitive." Western will use its best efforts not to disclose sensitive business information that has been so identified in good faith in submissions, except as required by law or court order.

E. Disposition of Offers

Offers submitted in response to this solicitation will not be returned to bidders. At the conclusion of the solicitation process, all offers will be archived by Western until the conclusion of all contractual obligations resulting from this solicitation process and the conclusion of any other required regulatory, review or other processes as may be required.